

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1267 – SB 1027

April 11, 2011

SUMMARY OF AMENDMENT (005984): Deletes the original bill. Requires a vendor of portable electronics insurance to hold a limited lines license to sell or offer coverage under a portable electronics insurance policy. Requires a written disclosure containing specified information at every location offering portable electronics insurance. Eliminates the requirement that such vendors obtain licensure as an insurance producer. Authorizes the Department of Commerce and Insurance (TDCI) to charge vendors of portable electronics insurance an initial licensure fee up to \$1,000, and a renewal fee up to \$500. Authorizes TDCI, after notice and hearing for a violation, to impose civil penalties of up to \$500 per violation and \$5,000 in aggregate.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$10,000/FY11-12 and FY12-13
\$7,500/FY13-14 and Subsequent Years

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- TDCI estimates that 10 vendors will apply for licenses in both FY11-12 and FY12-13.
- TDCI will charge a \$1,000 license fee. The increase in state revenue for FY11-12 and FY12-13 will be \$10,000 (10 licensees per year x \$1,000).
- TDCI requires license renewal every two years. The renewal fee will be \$500.
- In FY13-14 and subsequent years, the recurring increase in state revenue will be \$7,500 [(5 new licensees per year x \$1,000) + (5 renewals x \$500 renewal fee)].
- The number of licensees will remain constant beginning in FY13-14.
- Based upon information provided by TDCI, there are few, if any, portable electronics vendors currently licensed as producers. Therefore, the decrease in state revenue is not significant.

HB 1267 – SB 1027

- It is estimated that the cost to vendors to post the disclosures will be not significant. Therefore, it is estimated that the number of complaints received and investigations conducted by the Department will result in fine revenue that is not significant.
- According to TDCI, the Department will regulate portable electronics insurance coverage in the same manner that it regulates other limited lines licenses. Therefore, the Department's regulatory and administrative duties will remain unchanged.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/sbh